

Montana **Teachers' Retirement System**



Member's Retirement Plan Handbook

July 1, 2013 to
June 30, 2015

1500 East Sixth Avenue
PO Box 200139
Helena, MT 59620-0139

www.trs.mt.gov

(406) 444-3134
(866) 600-4045

Montana TRS Account Information

Your Name: _____

Start Date: _____

Current Position: _____

Current Employer: _____

TRS Website Information

User ID: _____

Password: _____

The highest result of education is tolerance.

~ *Helen Keller*

I never teach my pupils, I only attempt to provide the conditions in which they can learn.

~ *Albert Einstein*

A good education is another name for happiness.

~ *Ann Plato*

We need to give up the notion of a single idea of the educated person and replace it with a multiplicity of models designed to accommodate the multiple capacities and interests of students.

~ *Nel Noddings*

Those who know, do. Those that understand, teach.

~ *Aristotle*

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alternative accessible formats of this document will be provided upon
request.*

*The TRS 2013 – 2015 Member Handbook
was originally published in October 2013.*

*Changes to this handbook and updated materials
can be found on the [TRS website](#) or by calling the TRS office.*

Dear Member:

Welcome to the Montana Teachers' Retirement System (TRS). Our goal is to provide clear and practical information to help you plan and prepare for retirement and your financial future.

TRS is a defined benefit pension plan. Members contribute a percentage of their earned income as a share of the funding for retirement, disability, and death benefits. Your employer is required to deduct and forward contributions from your salary, on a pre-taxed basis, directly to TRS for each month of eligible employment. Contributions from a statewide pool of employers in the state, as well as investment returns provide further funding for TRS.

TRS membership is mandatory if you work in a position reportable to TRS. Your membership begins on your first day of eligible employment. Your employer will provide forms to record your membership and to designate beneficiaries. Be sure to fill out each form fully and accurately and submit them to TRS.

This handbook answers the many questions you need to understand as a member of TRS:

- ◇ How is TRS administered?
- ◇ What is my retirement account?
- ◇ How do I communicate with TRS staff?
- ◇ How do I create and access an online account?
- ◇ How do I designate my beneficiary?
- ◇ What are the differences between Tier One and Tier Two members?
- ◇ How is my pension account funded?
- ◇ What happens to my account if I leave teaching?
- ◇ Can I purchase service credits?
- ◇ What do I need to do to prepare for retirement?
- ◇ How is my pension benefit calculated?
- ◇ What choices do I have in payment plans?
- ◇ Can I work again after retirement?

TRS staff is available to help you with any questions you may have during your career, as you prepare for retirement, and during your retirement years. We also encourage you to use the tools on the TRS website to become familiar with your retirement system. We hope this handbook helps you prepare for your financial future.

Sincerely,
TRS Board and Staff



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Foreword

State law established the Montana Teachers’ Retirement System (TRS) in 1937. The system has grown from its initial enrollment of 3,367 members to over 18,000 active members and has approximately \$3.2 billion in net assets as of fiscal year end 2013. Over 13,000 members and beneficiaries receive retirement, disability, survivor, or minor child benefits totaling more than \$268.2 million at the end of fiscal year 2013.

TRS is a *defined benefit plan* qualified under Internal Revenue Code (IRC) Section 401(a). As a defined benefit plan, a monthly benefit is calculated based on each member’s total years of service credit and average final compensation, not on the account balance or the performance of the financial markets. In addition, all benefits are paid pursuant to a contract as contained in the statutes governing TRS.

An actuarial valuation of the retirement system is performed annually, as of July 1 of each year. The purpose of the valuation is to determine the financial position of the fund, the normal cost, and the unfunded actuarial accrued liability based upon present and prospective assets and liabilities of the system. If employee and employer contribution rates are sufficient to amortize any unfunded liability over 30 years or less, the system is actuarially sound and does not have a shortfall. As of July 1, 2013, TRS does *not* have a shortfall and *is* actuarially sound.

Administration

TRS Board

The TRS Board serves active and retired teachers, administrators and educators, and their beneficiaries. Its primary purpose is to administer the retirement system, which includes but is not limited to enrollment of new members, collection of member and employer contributions, and payment of retirement benefits.

The TRS Board is composed of six members appointed by the Governor. Four members are appointed from the teaching profession, of which one must be a public school classroom teacher and one a retired teacher, and two members are appointed as representatives of the public sector. The Board employs administrative officers and a staff to conduct the business of the system. The Board typically meets in Helena on the first Friday following Labor Day, the third Friday in November and February, and the second Friday in May.

TRS Board Members	Term Expires
<i>Robert Pancich</i> bpancich@mt.gov Chair, Public Member, Great Falls	July 1, 2014
<i>Lisa Cordingley</i> lcordingley@mt.gov Public Member, Helena	July 1, 2015

Janice Muller jmuller@mt.gov
Active Member, Hamilton

July 1, 2016

Marilyn Ryan mrryan2@mt.gov
Retired Member, Missoula

July 1, 2016

Kari Peiffer kpeiffer@mt.gov
Active Classroom Teacher, Kalispell

July 1, 2017

Scott Dubbs sdubbs@mt.gov
Active Member, Lewistown

July 1, 2018

Responsibilities Of The Board

The powers and duties of the retirement board are as follows:

- Employ an executive director and other technical and administrative employees who are necessary for the transaction of the business of the retirement system;
- Keep a record of all its proceedings, which shall be open to public inspection;
- Publish an annual report by January 1 of each year. This report provides, in detail, the financial transactions for the two fiscal years immediately preceding the report due date, the amount of accumulated cash and securities of TRS, and the last fiscal year balance sheet showing the assets and liabilities of TRS;
- Designate an actuary to assist the TRS Board with the preparation of the annual valuation of assets and liabilities, an analysis of how market performance is affecting the actuarial funding of the system, establishing actuarial assumptions, and making actuarial investigations into the performance of the system;
- Determine the eligibility of a person to become a member of TRS;
- Grant retirement, disability, survivor, minor child, and other benefits; and
- Perform other duties and functions as are required to properly administer and operate TRS.

Administrative Officers

Shawn Graham

Executive Director

Tammy Rau

Deputy Executive Director

Denise Pizzini

Chief Legal Counsel

Mission Statement

The mission of the TRS Board is to promote long-term financial security for our membership while maintaining the stability of the fund.

Guiding Principles: To earn the respect and trust of our members, we adhere to the following values:

- High ethical standards
- Honesty, integrity, and impartiality
- Dignity, respect, and mutual support
- Service excellence

Application Of Law And Policy

TRS statutes and rules and policies are the basis for the information provided in this Member's Retirement Plan Handbook (*Title 19, chapter 20 of the MCA, Title 2 and part 44 of the ARMs*). As much as possible, this handbook has been written in non-technical terms, avoiding the formal language of the retirement laws and administrative rules.

Many factors may affect the ongoing validity of the information in this handbook, including future changes to law and/or administrative rules. In all cases, the rights, duties, obligations, and benefits of a benefit recipient as well as questions of interpretation of this handbook will be resolved by application of TRS laws, rules, and policies.

Representatives of school districts, the university system, and state agencies participating in TRS are *not* agents of the retirement system. TRS is not responsible for erroneous information provided by employers.

Administrative Review Of Staff Determinations: Requirement To Exhaust Administrative Remedies

A benefit recipient who disagrees with a determination by TRS staff regarding the benefit recipient's rights, duties, obligations, or benefits under the retirement system may request review of the staff determination by the Executive Director. As well, at the direction of the Executive Director, TRS staff may investigate issues regarding a benefit recipient's rights, duties, obligations, or benefits under the retirement system. Following review, the Executive Director will issue a written final staff determination. If the benefit recipient believes a final staff determination is based upon incorrect or incomplete information/documentation, the benefit recipient may request reconsideration of the final staff determination and provide additional information and/or documentation to the Executive Director in support of the request for reconsideration.

A benefit recipient who is adversely affected by a final staff determination may request an informal review of the final staff determination by the TRS Board. If the TRS Board, following informal review, agrees that there is sufficient basis to uphold the final staff determination subject to the benefit recipient's right to a contested case hearing, the benefit recipient will receive written notice of his/her right to request a contested case hearing.

If a contested case hearing is requested, the Board may hear the contested case, or it may appoint a hearing examiner to hear the contested case. A contested case hearing will be conducted in conformity with the Montana Administrative Procedures Act (MAPA) and the administrative rules adopted by the Board pertaining to contested cases, including that the benefit recipient will be entitled to be represented by legal counsel at the benefit recipient's discretion and expense. Upon conclusion of a contested case hearing, the Board will issue a final written decision, including findings of fact and conclusions of law.

A benefit recipient who is adversely affected by a final decision of the Board may file a petition for judicial review in district court in conformity with MAPA. A benefit recipient must exhaust these administrative remedies prior to seeking judicial review or other judicial determination of the matter.

Investments

The Montana Board of Investments (BOI) invests the funds of the system in various securities as permitted by law. These investments are segregated from other state funds. The Treasury Division of the Montana Department of Administration is the custodian of the securities owned by TRS. For more information, please visit the BOI website: www.investmentmt.com.

Federal Compliance: Qualified Plans

TRS is required by Montana law to maintain its tax-qualified pension plan status with the Internal Revenue Service (IRS). TRS' status as a tax-qualified plan means that employers may make contributions to TRS on a tax-deferred basis, and that employee contributions may be "picked-up" by employers – withheld from employee compensation and paid directly to TRS by the employer – on a tax deferred basis. As well, TRS trust assets accrue on a tax-free basis.

The tax-qualification standards applicable to TRS under the Internal Revenue Code (IRC) include: specifications regarding who is eligible to be a member of TRS; when a member is eligible to receive or must receive retirement benefits; the maximum amount of benefits that can be paid to a plan member or beneficiary; and the total amount of after-tax contributions that can be made to TRS to purchase service or for termination pay to be included in the calculation of retirement benefits; among others.

Family Law Orders

TRS may be directed by a court to distribute a portion of a member's TRS benefits to an ex-spouse in recognition of the ex-spouse's marital property or spousal maintenance rights by issuance of a Family Law Order (FLO). A FLO must comply with all applicable law, including that it may not require a type, form, or duration of benefit, allowance, or payment not available to the TRS member/retiree, or require a different administrative process than used for retirement benefits in general. TRS must approve each FLO. The TRS website has additional information on FLOs in the *Members* section.

If it is necessary for the parties in a divorce to determine the present value of future retirement benefits, the parties must engage an actuary and/or accountant to determine present value. TRS will not make such determinations.

Exemption from Legal Process / Prohibition Against Assignment

Any benefits accrued or accruing to any person under the provisions of TRS and the accumulated contributions, cash, and securities in the various funds of the retirement system:

1. are not subject to execution, garnishment, attachment by trustee process or otherwise, in law or equity, or any other process, except by means of
 - ◆ an IRS or state tax lien,
 - ◆ under the limited provisions of a FLO, *or*
 - ◆ pursuant to a child support order; and
2. are unassignable (cannot be paid to any person/entity other than the member) except as specifically authorized under TRS law.

Communicating With TRS

TRS staff responds to all written requests and e-mails in the order they are received.

Privacy, Social Security Numbers, and Financial Account Information

1. TRS requires you to submit many forms that must include the full Social Security numbers (SSN) of members, retirees, joint annuitants, and beneficiaries.
2. TRS also requests information regarding bank and other financial account information, including account numbers, for purposes of direct deposit of benefits, rollover of account balances, etc.
3. If you are submitting a form that requires a full Social Security or financial account number, please submit the form and any accompanying documentation via U.S. mail only.
4. You may also be asked to provide full SSNs or financial account information *when speaking directly over the telephone* with a TRS staff member.
5. *To protect your identity*, when communicating with TRS via e-mail, voice mail, or fax, please provide only your full name, telephone number, and the last four digits of your SSN; *do not* provide your full SSN or financial account numbers.
6. ***Do not communicate with TRS about your account or benefits via social media.*** If you respond to TRS postings on social media (i.e., Facebook), ***do not*** provide any part of your SSN or financial account numbers or any other personal information, like your address, phone number, names of beneficiaries, etc., as that information will be visible to any other person who also views the TRS postings.

Calling TRS

(406) 444-3134

(866) 600-4045

The TRS office opens at 8:00 a.m. and closes at 5:00 p.m. (except during state recognized holidays) with a limited staff working during the noon hour. After normal office hours, you can leave a message for a return call the following business day.

When calling the TRS office, ask for the proper department ([pages 12-14](#)) to expedite handling of your request for information. Please have your SSN available.

Writing To TRS Via U.S. Mail

Include your full name, the last four digits of your SSN, and home mailing address, and telephone number on your written request for information or action and be sure to sign any requests for information, changes, or action. Mail your request to the TRS office.

Montana Teachers' Retirement System
PO Box 200139
Helena, MT 59620-0139

If you are reporting the death of a member, retiree, beneficiary or joint annuitant, please include the decedent's name and the last four digits of their SSN.

Visiting The TRS Office

Before visiting the TRS office, please call ahead to schedule an appointment; this gives TRS staff time to review account records and prepare for your visit. Our staff schedules appointments Monday through Friday between 9:00 a.m. and 4:00 p.m.

Office Location: The Teachers' Retirement System building is located at 1500 East Sixth Avenue in Helena. Driving directions and a map of the Capitol complex can be found on [pages 56-57](#).

Email and Fax

trswebadmin@mt.gov

(406) 444-2641

When emailing or faxing information regarding a member's account, include the member's full name, *last four digits of their SSN*, and their telephone number. If you are not the member, please also provide your full name and telephone number.

The following is a description of duties handled by each section of the TRS office:

<i>Administrative</i>	Administrative Rules
	Agency Administration
	Family Law Order/Divorce
	Communications
	Legislative Issues
	Legal Issues
	Legislative Updates
	Member's Retirement Plan Handbook
<i>Information Technology</i>	Online Account Access
	Website

<i>Accounting</i>	<i>Contribution Reporting</i>	Contribution Reporting Deadline
		Monthly Contribution Reporting Questions
		Overage/Shortage Questions
	<i>Membership</i>	Beneficiary Designation Form
		Change of Mailing Address
		Name Change
		New Member Packet
		Record for Membership Form
	<i>Withdrawal</i>	Account Balance Rollover
		Mandatory Federal Income Tax Withholding
		Withdrawal of a Member Account Refund to Employers
		Tax Excludable Information 1099-R for Lump Sum Distribution

<i>Active Members</i>	<i>Account Information</i>	Beneficiary Designation and Update
		Eligibility for Membership
		Service Credit
		Statement of Account Questions
		Vesting
	<i>Service Purchase</i>	Irrevocable Election
		Rollover/Transfer Form
		Transfer of Service: TRS and PERS
	<i>Retirement Counseling</i>	Estimate of Benefits
		Retirement Application Materials
		Retirement Benefit Allowances
		Retirement Education Seminars
		Retirement Planning Questions
		Termination Pay
		Termination Pay–Irrevocable Election

<i>Benefit Recipients</i>	<i>General Requests</i>	Name Change
		Address Change
		Beneficiary Designation/Change
		Direct Deposit Setups/Change
		Guaranteed Annual Benefit Adjustment (GABA)
		Impacts of Legislation
	<i>Insurance</i>	Employer-Sponsored Insurance Premium Withholding
	<i>Life Events</i>	Marriage
		Divorce
		Death Of Benefit Recipient
		Death of Member Survivor/ Minor Child Benefit
	<i>Employment And Earnings After Retirement</i>	Wage Limits
		Returning To Full-Time TRS Covered Employment
	<i>Taxes</i>	Annual Tax Form 1099-R
		Federal Income Tax Withholding
		Montana State Income Tax Withholding
		Tax Excludable Information

24/7 On-Line TRS Information and Account Access

The TRS website - www.trs.mt.gov - includes news updates, the TRS newsletter, information about upcoming board meetings, contact information for TRS staff, and annual reports. The website also contains information specifically for active members, retired members, benefit recipients, school business officials, attorneys including links to account information, the most recent handbook, member forms, tutorials, and FAQs.

You may also create your own personal account (*below*) to view information regarding your TRS account and benefits.

Create A Personal Account

1. To create your account on the TRS website, click on *Members* link.
2. Scroll down and click on *Account Information*.
3. To begin, click the *Create an Account* button.
4. Sign up as a new user by entering information on the sign-up screen

that allows you to identify yourself to TRS and confirm that you are a member.

5. Click on *What's This?* for a description of each field to be entered.
6. Fill in all the required fields and click on *Create Account* to create your new account.
 - You may be asked to fill in incomplete fields.
7. Make sure your information is accurate.
8. Be sure to keep track of your security question and answer, user ID and password, hint question and answer.

Forgot Your User ID?

1. Click on *Members* link.
2. Scroll down and click on *Account Information*.
3. Click on the *Forgot Your User ID?* button.
4. Click on *What's This?* for a description of each field to be entered.
5. Fill in all the required fields and click on *Show My User ID*.

Forgot Your Password?

1. Click on *Members* link.
2. Scroll down and click on *Account Information*.
3. Click on the *Forgot Your Password?* button.
4. Fill in all the required fields and click on *Reset Password*.

Member Forms

The TRS website provides member forms necessary to maintain your personal information, assist you with retirement planning, and purchase service credit.

1. Click on *Members* link.
2. Scroll down and click on *Member Forms*.
3. Print out the appropriate form, fill it out completely.
4. Be sure to get all the required signatures, and mail to the appropriate receiver (TRS or your employer).
5. Keep a copy for your own records.

TRS staff is available to help you with choosing the appropriate form or filling it out. If you do not have access to the Internet, please call and we will mail you the forms that you require.

If you are unable to open TRS forms, you may need to install Adobe Reader. The TRS website provides a link to allow the installation of Adobe Reader to your computer. Click on the link to install the software. It's free.

Your Retirement Account

Take Ownership

We hope this handbook answers your questions about the TRS pension plan. We also hope that you will be well-informed at the time of your termination and retirement and ready to make the choices that will lead to a rewarding life as a retired educator. Please don't hesitate to contact TRS to ask questions. Our goal is to provide fast, easy access to complete and accurate information.

A TRS Member's Responsibilities

Educate yourself before making important retirement decisions.

- Read this handbook thoroughly.
- Inform TRS of any significant event such as marriage, divorce, death of a joint annuitant or beneficiary, birth of a child, a change in name and/or mailing address, or any updates to a TRS account.
- Take advantage of tools and resources available on the TRS website including account information, the on-line benefit estimate calculator, and retirement education materials.
- Include your family in the retirement planning process.
- Review the *Annual Statement of Account* provided by TRS for information on creditable service, beneficiary designation, and estimate of benefits.

Member's Contribution Account

Your account balance represents only the contributions that are withheld from your gross wages, plus accumulated interest.

Employer contributions are not reflected in your account balance. All employer contributions are placed and held in the pension trust fund and, together with investment earnings, provide funding for retirement benefits.

Statement Of Account

In the fall of every year, TRS provides an *Annual Statement of Account* to each member. The statement presents the member's account balance as well as creditable service accrued through the end of the past fiscal year (ending June 30). In addition, if a member is eligible for normal or early retirement, the statement will provide the estimated monthly annuity payment the member could receive at retirement. TRS mails the *Annual Statement of Account* directly to a member's address on file with TRS. To ensure receipt of a statement, please notify TRS of any address changes. If a current mailing address is not available, TRS will mail the statement to the employer.

Beneficiary Designation

A TRS member is asked to complete a beneficiary designation form upon becoming an active member of TRS. It is very important that the member designate one or

more beneficiaries and keep the beneficiary designation information up to date. In the event of the member's death, the beneficiary(ies) designated on the last effective beneficiary designation form on file with TRS will receive the survivor benefits owed by TRS on behalf of the member.

If a member who has not retired wishes to remove, add or replace a beneficiary, the member must complete a *Beneficiary Designation for Active Members* form, which is available on the TRS website. Due to a recent decision of the Montana Supreme Court, once a TRS member has designated his/her spouse as a beneficiary, the member will not be allowed to remove the spouse (or ex-spouse) as a beneficiary without providing one of the following:

- notarized, written authorization of the spouse (or ex-spouse);
- a decree of divorce/dissolution of the marriage of the member and the beneficiary that does not provide for distribution of any portion of the member's retirement benefits to the ex-spouse;
- a family law order providing for distribution of some portion of the member's retirement benefits to the ex-spouse; or
- a court order expressly authorizing removal of the spouse (or ex-spouse) as beneficiary.

TRS presents the current designated primary and contingent beneficiary information on the member's annual statement of account. This information is also available when a member accesses the TRS website to view their account information. If the member is unsure of their primary and/or contingent beneficiary designation, they may check with TRS.

Death Of Member Or Beneficiary

Upon a member's death, notify TRS immediately to ensure their beneficiary receives their benefit in a timely manner.

Divorce Of Member And Beneficiary

Information regarding Family Law Orders is posted on the TRS website and in this handbook on [page 9](#). All TRS members, active or retired, involved in a divorce proceeding should contact TRS immediately.

On-line Tutorial

For your convenience, a tutorial is available on the TRS website about Account Information. The information provided in this tutorial is for educational purposes only. It includes basic information about a member's beneficiary designation. The tutorial does not provide accurate, detailed calculations of any specific member's account.

Membership

Active Membership

A person employed in a position reportable to TRS for at least 210 hours during the fiscal year must become a member of TRS. TRS members are broken into two tiers:

- **Tier One:** became a TRS member *before* July 1, 2013
- **Tier Two:** became a member *on or after* July 1, 2013

Each tier has different contribution rates, benefit formulas, and benefits. The differences in tiers will be discussed in each appropriate section of the handbook.

Positions Reportable to TRS

Positions covered under TRS are *based on the responsibilities of the position* and not simply the position title. These responsibilities include:

- teachers, principals, vice-principals, district superintendents, county superintendents of schools, dean of students, curriculum specialists,
- librarians, coaches, paraprofessionals providing instructional support, teacher's aides, speech therapists, school nurses, school psychologists, guidance counselors, study hall monitors,
- and others employed in a teaching or educational services capacity or a professionally qualified person of any public school, state agency, community college, or special education cooperative in the State of Montana (§20-7-901, MCA).

A retired member elected to the position of county superintendent or appointed to complete the term of an elected county superintendent must – within 30 days of taking office – file with the Board an irrevocable written election to become or not to become an active contributing member of TRS. A form to make this election is available from the TRS office. **Note:** *Elected county superintendents are excluded from electing to participate in PERS.*

Membership also applies to the State Superintendent of Public Instruction and any person employed as a teacher or in an educational services capacity by the Office of Public Instruction.

Montana University System (MUS)

If a retired TRS member is employed by the MUS in a position covered by TRS and elects to participate in the Montana University System Retirement Program (MUS-RP), their benefit will be suspended until the member terminates all positions eligible to participate in TRS. An active TRS member who is also working part-time for the University System is not eligible to participate in MUS-RP.

TRS does not require teacher certification as a condition for membership. The TRS Board determines membership eligibility.

Part-Time Employment

A person employed on a part-time basis in a position reportable to TRS for more than 30 days or 210 hours during a fiscal year is required to be a member of TRS. Once a part-time employee becomes a member, they must continue to be a member each successive fiscal year while employed in a TRS covered position regardless of the number days or hours worked. (*Retirement Section beginning on [page 31](#) for TRS retirement benefits*)

Substitute Teacher, Part-Time Paraprofessional,
Or Teacher’s Aide

A substitute teacher, part-time paraprofessional, or a part-time teacher’s aide must make a written election to be a member of TRS on their first day of employment. Once a substitute teacher, part-time paraprofessional, or part-time teacher’s aide elects to become a member, they must continue to be a member each successive fiscal year while employed as a substitute teacher, part-time paraprofessional, or part-time teachers’ aide.

If a substitute teacher, part-time paraprofessional, or part-time teacher’s aide does not elect to be a member of TRS on their first day, it is mandatory they become a member after completing 30 days or 210 hours of employment in any fiscal year. They will then be required to continue to be a member in each successive fiscal year while employed in a capacity eligible for TRS membership.

Contributions

Employee Contribution Rate

Employee contributions are withheld from each member’s gross pay and are not subject to state or federal income tax withholding until actually received in the form of a monthly benefit allowance or a withdrawal.

Tier	Normal Contribution Rate	Supplemental Contribution Rate	Total contribution rate
Tier One	7.15%	1.00%	8.15%
Tier Two	8.15%	0.0%	8.15%

Beginning July 1, 2013, the supplemental rate for Tier One members will vary from 0.0% to 1.0% based on the funded ratio of the TRS pension fund. The TRS Board will review the rate annually and determine, according to triggers set by law, whether the rates should be lowered or raised. The TRS Board may require a supplemental contribution from Tier Two members after January 1, 2023.

A member may elect to have contributions deducted from their salary to purchase additional creditable service on a tax-deferred basis. The IRS has established

specific rules to follow before these elections are valid. Refer to *Service Credit Purchase Procedure* ([page 24](#)) for an explanation of the service purchase options available and the rules governing these elections.

Employer Contribution Rate

Employer contributions to TRS are based on total payroll reported to the retirement system. These are not matching contributions allocated to individual members, but are placed in the trust fund and, together with investment earnings, provide funding for retirement benefits, disability benefits, death benefits, and amortization of the unfunded liability.

Compensation

Earned Compensation

For an active member, earned compensation means remuneration, exclusive of maintenance, allowance, and expenses paid for services by a member out of funds controlled by an employer before any pre-tax deductions allowed under the Internal Revenue Code are deducted from the member's compensation.

Earned compensation does not include:

1. Direct employer premium payments on behalf of members for health or dependent care expense accounts or any employer contribution for health, medical, pharmaceutical, disability, life, vision, dental, or any other insurance, including the imputed value and non-cash benefits provided by employer;
2. Any employer payment or reimbursement for professional membership dues, maintenance, housing, day care, automobile, travel, lodging, entertaining expenses, or any similar payment for any form of maintenance, allowance, or expenses;
3. Income from work as a Ticket-taker, bus driver, playground aide, swimming monitor, or concession worker, etc.;
4. Adding an employer-paid or non-cash benefit to an employee's contract or subtracting the same or like amount as a pre-tax deduction;
5. Lump sum or monthly payments for unused accumulated sick or annual leave, excess leave balance payments, and any sort of early retirement incentive severance payment contingent upon the employee terminating employment, or incentives or bonuses paid to a member that are not part of a series of annual payments.

The above is not an exhaustive list, please contact TRS if you have questions regarding what is considered earned compensation.

Average Final Compensation

Average Final Compensation (AFC) is the average of a member's earned compensation actually reported to TRS during consecutive years of full-time service yielding the highest average and on which contributions have been made. The *AFC*

for Tier One members is based on the highest 3 consecutive years. For Tier Two members, the *AFC* is based on the highest 5 consecutive years.

The *AFC* for a Tier One member employed on a part-time basis with less than three consecutive years of full-time service during the five years preceding retirement is the compensation that the member would have earned in the final three years had the member's part-time service been full-time service. To determine the compensation that the member would have earned, the part-time compensation reported must be divided by the part-time service credited to the member's account each year.

Limitation On Compensation Increases

The amount of each year's earned compensation used in calculating average final compensation may not exceed the member's earned compensation for the preceding year by more than 10% (§19-20-715, *MCA*). It is the intent of the Legislature to provide equitable retirement benefits to all members of TRS based on their normal service and salary and to limit the effect on the retirement system of isolated increases received for promotion or one time salary enhancements during their last years of employment.

The only exemption under statute from the 10% statutory cap increase is the result of movement on the employers adopted salary matrix. For consideration of an exemption to the 10% statutory cap, you must request that your employer provide TRS with a copy of the adopted salary matrixes. If you have compensation in addition to your base contract, TRS will also need copies of the extra duty contracts.

Interest Credit And Charges

Interest is credited monthly to a member's account at the rate set annually by the TRS Board effective July 1 of each fiscal year, and can vary as the investment market changes. The current interest rate is available on the TRS website at www.trs.mt.gov/help/ratetables.asp.

Inactive Non-Vested Member's Account

An inactive TRS member who is not vested may leave the account balance on deposit with TRS for a period of seven years. After seven years, the account will be deemed dormant and removed from the active member database until claimed by the member. Therefore, TRS encourages the withdrawal of the account.

Release Of Information

Some of the information TRS gathers, generates, and maintains from and about members and benefit recipients is confidential and will generally only be released to the member or benefit recipient.

TRS receives many requests for information from banks, accountants, attorneys, spouses, and other interested parties. Even though most requests are made on behalf of the member or benefit recipient, state law prohibits the release of any confidential information unless the member authorizes the release in writing, or we are otherwise legally required to release the information. A member or benefit recipient may authorize TRS to release information to another individual by completing, signing,

and submitting an ‘Authorization for Release of Information’ form, which is available on the TRS website.

Use Of Social Security Numbers

TRS requires that you provide us with your Social Security number (SSN). This ensures that any amounts disbursed under your account are properly reported to the Internal Revenue Service (IRS). We also use it as a reference number for tracking all data with regard to your retirement account.

IRC Sections 6041(A), and 6109 authorize TRS to solicit your SSN. TRS will not disclose your SSN to any party, unless required by law.

Creditable Service

Full- and Part-Time Creditable Service

Creditable service is service for which all required contributions have been paid to TRS and is used to calculate retirement benefits. Creditable service consists of:

- ***Membership Service***: service credited for employment in a position reportable to TRS, and
- ***Purchase Service***: service which the member has purchased for non-TRS employment (outlined below).

Full-Time Service

Full-time service is service which is at least 180 days in a fiscal year, at least 140 hours a month during nine months in a fiscal year, or full-time under an alternative school calendar adopted by a school board that is less than 180 days but meets minimum accreditation requirements of 1,080 hours.

A maximum of one year of creditable service is awarded for each full-time fiscal year.

Part-Time Service

Part-time service is service that is less than full-time. Part-time service credit is calculated based on the total number of hours, days, or months reported to TRS in each fiscal year, divided by the number of hours, days, or months of equivalent full-time service. Seven hours per day is considered a full-time day.

Vesting

To be vested in TRS a member must complete

- five full-time years of membership service, *or*
- part-time membership service that totals five years of full-time service

A vested member is entitled to a retirement and disability benefit, if otherwise qualified. In addition, the designated beneficiary may be entitled to a survivor benefit.

If a member is no longer employed in a position that would qualify for membership in TRS, and does not withdraw the account balance, the vested status will be retained. An annual statement is printed and mailed directly to the home address on file. Please notify TRS of any address change.

Purchasing Service

For your convenience, a *Service Purchase* tutorial is available on the TRS website. The information provided in this tutorial is for educational purposes only. The tutorial provides basic information about qualifying additional years of service in a

member's retirement account, if applicable. It does not provide accurate, detailed account calculations for a specific member.

Limit On Creditable Service

A member may not receive more than five years of creditable service in any combination of out-of-state service, federal service, military service, private school service, extension service, service while on leave, or Montana University System Retirement Program (MUS-RP) service. Retirees returning to active service may not purchase creditable service for the same period that the retiree was receiving a retirement benefit.

Eligibility

In order to purchase service, members must meet the following requirements:

1. be fully vested in TRS,
2. have at least one full year of service credit following employment in a non-TRS position, *and*
3. be an active, contributing member of TRS.

Service Credit Purchase Procedure

Creditable service may be qualified from several sources. Work history and the dates of employment in a position reported to TRS will determine the cost and types of service that a member may be eligible to purchase. To determine eligibility to purchase service a member should contact TRS early in their career.

Payroll Deduction – Tax Deferred

Each employer has the option of making available to TRS members the opportunity to purchase service credit through payroll deduction with tax-deferred contributions. Before any member would be eligible to purchase service with tax-deferred dollars, the employer must adopt a Model Resolution that has been approved by the IRS. The employee must request from TRS and return to their employer a signed *Service Purchase–Irrevocable Election Form*. If a written application to purchase service is signed prior to July 1, 2012, interest must be paid at the rate the member's account would have earned had the contributions been in their account from the eligibility date to purchase the service. If the written application is signed after July 1, 2012, interest must be paid at the actuarial assumed rate in effect.

Personal Payment

A TRS member may purchase additional service by personal payment with post-taxed dollars. Post-tax additional contributions remitted to TRS are subject to the IRC limits under Section 415(c). Contact TRS for the applicable dollar limits.

Rollover Of Contributions

Service credit in TRS may be purchased through a rollover from another public retirement plan qualified under Section 401(a) or 401(k) of the IRC, a 403(b) tax-sheltered annuity, or a governmental 457(b) deferred compensation plan. A rollover may also be accepted from a traditional individual retirement account (IRA). If a member wishes to initiate a rollover for purchasing service credit in TRS, please contact the administrator of the qualified plan for eligibility requirements. The member also must contact TRS to obtain the cost of the service to be purchased and any necessary forms.

The purchase of service must be completed before TRS processes the member's application for retirement. Service that has been purchased prior to applying for a monthly retirement benefit will be used in the calculation of the benefit, resulting in a larger monthly income.

In the event of a member's death or disability while in the process of purchasing service credits, additional service shall be credited based on an amount paid as of the date of death or disability. However, in the case of death, the balance due may be paid from the member's estate. If the balance due is received prior to the payment of the benefit, the additional service will be credited to their account and used in the calculation of the monthly benefit.

Service Eligible For Purchase

Part-time Service

A substitute teacher, part-time paraprofessional, or part-time teacher's aide who did not elect membership and subsequently becomes a member may purchase creditable service for the first 30 days or 210 hours of substitute teaching, part-time paraprofessional, or part-time teacher's aide service. To qualify this service, the member must contribute an amount equal to the combined employee-employer contribution rates that would have been made if they had elected membership on the first day of employment. In addition, interest will be charged at the actuarially assumed rate.

Previous TRS Membership Service

Upon re-employment in a position covered by TRS, a member who withdrew Montana TRS contributions may be eligible to redeposit the amounts withdrawn, plus interest, and receive credit for prior service.

A member must be:

- an active, contributing member of TRS, *or*
- an inactive vested member

in order to purchase previous Montana TRS service.

Each withdrawal must be re-deposited before credit can be reinstated. Should the member have several withdrawals and only desire to redeposit a portion of the previous service, it is required that the member redeposit the most recent withdrawal first.

Upon receipt of a request to redeposit previous service, the member will be notified of the redeposit amount and the service that will be reinstated after completing payment.

Transfer Of Membership

PERS to TRS

An active TRS member who was a member of the Montana Public Employees' Retirement System (PERS) prior to becoming a member of TRS, may at any time before retirement, make a written election with TRS to transfer service from PERS. Upon receipt of a written request to transfer their PERS service, the account balance under PERS will be transferred to TRS. If the PERS account has been withdrawn, TRS will advise the member of the cost to redeposit their PERS service under TRS.

Service from PERS may not be used to qualify for eligibility to purchase military service, out-of-state teaching service, service while on leave, private teaching service, extension service, or MUS-RP service under TRS. The TRS Board shall determine the service credits that may be transferred.

If a TRS member has an inactive account on deposit with PERS and dies before qualifying this service in TRS and the service credits from both systems, when combined, entitle the designated beneficiary to a monthly benefit, TRS will pay a monthly benefit to the designated beneficiary provided the contributions necessary to qualify this service are transferred to TRS.

If TRS determines that membership was erroneously classified under PERS, the accumulated contributions and service must be transferred to TRS. Any employee and employer contributions due, plus interest, are the liability of the employee and the employing entity where the error occurred.

TRS members may purchase creditable service for their time spent as a participant in the PERS *defined contribution* plan. Creditable service purchased must be determined according to the laws and rules governing service credit in PERS.

TRS to PERS

For information on transferring TRS service to PERS, please contact:

Montana Public Employees' Retirement Administration
PO Box 200131
Helena, MT 59620-0131
(406) 444-3154 / (877) 275-7372

Out-Of-State Teaching Service

A vested TRS member may purchase creditable service for out-of-state teaching service that would have been acceptable if the service had been performed in Montana. To obtain verification of previous work experience, a member may access the TRS website to obtain the *Verification of Service* form.

A member who contributed to a public retirement plan other than Social Security while performing the out-of-state service, must receive a withdrawal of the contributions from the other pension plan before qualifying this service in Montana, or rollover their out-of-state public retirement account. A member may not purchase out-of-state service if service credit is granted for the same service in another public pension plan.

Service While On Leave

A vested TRS member may purchase up to two years of creditable service for a break in service.

Military Service

A vested TRS member who had active duty service in the Army, Navy, Marine Corp, Air Force, or Coast Guard during the Korean or Vietnam Conflict may submit a copy of military papers indicating the date of entry into active duty and the date of separation. The member may receive up to four years of military service credit at no cost, provided the active duty was performed between the following dates:

- *Korean Conflict: June 1, 1950 through January 31, 1955*
- *Vietnam Conflict: December 22, 1961 through May 7, 1975*

If a member is not eligible to receive credit for military service at no cost, they may be eligible to purchase up to two years of active military service based upon the separation dates from active military.

The date of entry to active duty and the date of separation from active duty are provided on Form DD-214 or a Retirement Credits Record. A copy of Form DD-214, or a Retirement Credits Record, may be obtained by writing or calling:

General Services Administration
Military National Personnel Records Center
9700 Page Blvd
St Louis, MO 63132
(314) 801-0800

The application to obtain a Form DD-214 can also be found at the Military National Personnel Records Center website at <http://www.nara.gov>.

Uniformed Services Employment And Re-Employment Rights Act (USERRA)

USERRA is a federal law that provides certain protections for employees who take time away from civilian employment, voluntarily or involuntarily, to serve in the uniformed services. In general, USERRA provides re-employment rights to employees who leave civilian employment for certain active and inactive duty assignments in any of the Armed Forces of the United States, the Army National Guard or Air National Guard, or the commissioned corps of the Public Health Service. It also applies to other categories of persons designated by the President in times of war or national emergency.

USERRA is a complex law that applies only to certain uniformed service duty assignments. The law describes eligibility criteria for employees who want to safeguard and or exercise their rights under USERRA, including time limits on active duty service for which an employer is required to provide re-employment rights and limited timeframes for requesting re-employment. Contact your employer with any questions on whether USERRA applies to your particular uniformed service duty assignment.

How USERRA Protects a Member's Retirement Benefit

Upon re-employment with the pre-service employer following a period of qualifying uniformed service, a TRS member is entitled to receive creditable service by compensating TRS for the contributions that would have been made to the retirement system had the member remained employed. A member may choose to make up the employee contributions for all or a portion of the qualifying time spent in uniformed service, and will receive service credit accordingly. These employee contributions are interest free if paid within five years of re-employment.

In addition, the employer must make the employer contributions for any period-of-time for which the member makes up the employee contributions.

Safeguarding Your Rights Under USERRA

A member's rights, pursuant to USERRA, to make up contributions and receive creditable service with the retirement system for a qualifying period of uniformed service is conditioned upon a member's re-employment with their pre-service employer in conformity with the eligibility criteria set forth in USERRA. A member should notify their employer of their need to leave employment for uniformed service as far in advance of the uniformed service assignment as possible in order that the member and the employer can ensure that each understand and can fulfill all of the responsibilities for re-employment.

Upon re-employment, a member should contact TRS at their earliest convenience for additional information and instructions regarding information needed by the retirement system and how to make up the member contributions.

Additional Resources On USERRA

The US Secretary of Labor provides assistance with respect to the rights and benefits to which TRS members are entitled under USERRA. General information about USERRA and contact information from the Office of the Assistant Secretary for Veterans' Employment and Training may be obtained at www.dol.gov/vets/programs/userra.

Montana University System Retirement Program

A vested TRS member may purchase up to five years of creditable service covered under MUS-RP (formerly ORP). The member must have at least one full year in TRS following employment covered under MUS-RP.

The cost to purchase this service will be the actuarial cost as of the most recent actuarial valuation. To obtain verification of previous work experience, a member may contact the TRS office to request a *Verification of Service* form, also available on the TRS website.

In order to purchase this service, the member must either:

- withdraw their contributions made to MUS-RP, or
- roll the funds over to TRS toward the cost to purchase the service.

Workers' Compensation

A TRS member injured while employed in a position covered under TRS may purchase a maximum of two years of service for time covered under Workers' Compensation.

Substitute Teaching, Paraprofessional, Or Part-Time Teacher's Aide Service

A substitute teacher, paraprofessional, or part-time teacher's aide, who did not elect membership on the first day of employment and who subsequently became a member, may purchase the days not reported and receive credit for this service. The member must be an active, contributing member of TRS to be eligible to qualify this service. The days worked and gross wages earned must be verified by the employer.

To obtain verification of previous work experience, a member may contact the TRS office to request the *Verification of Substitute Teaching or Teacher's Aide Service* form, also available on the TRS website.

Private School Employment

A member may purchase up to five years of creditable service for teaching in a private elementary, secondary, post-secondary educational institution, or special

purpose school, provided the service was of an instructional nature or the member was an administrative officer or a member of the scientific staff.

The term *Educational Institution* means an institution or school that normally maintains a regular faculty and curriculum and normally has a regular organized body of students in attendance at the place where its educational activities are carried on and has been accredited by either the state in which it operates or a recognized association. *A school or other function operated in a private home*

In addition to eligibility requirements ([page 24](#)) members applying to purchase private teaching service must have been in compliance with the certification requirements of the state (or federal agency) in which the institution was located at the time the service was performed.

Retirement

Retirement Eligibility

Termination

To be eligible for monthly retirement benefits or withdrawal of the account balance, members must terminate employment in all positions reportable to TRS and have a bona fide separation from service. A TRS member who:

1. **has not** attained *normal retirement age* of 60, **and**
2. **has** a *pre-arranged agreement* to return to work for a pre-retirement employer has not had a bona fide separation from service and is not eligible for retirement benefits.

A *pre-arranged agreement* is an **oral or written** agreement made between the member and the employer before the member attains retired member status for the member to provide service or perform work on behalf of the employer at any time in the future. This includes employment *in any capacity*, including as an employee of the employer or of a third-party, as an independent contractor, as a volunteer, or even in a position reportable to the Public Employees' Retirement System (PERS).

Termination means that the member has severed the employment relationship with each employer and that all, if any, payments due upon termination of employment, including but not limited to accrued sick and annual leave balances, have been paid. The member has not terminated if they provide any service or work in any capacity, including working as an employee of a third party, as an independent contractor or as a volunteer, on behalf of their employer prior to attaining retired member status (i.e. receiving first benefit payment).

Members employed by a K-12 employer who leaves that employment for a position in the University System and elect to participate in MUS-RP, in lieu of participating in TRS, will be considered an inactive member and will not be eligible to receive a TRS retirement benefit until they terminate their position in the University System.

Types of Retirement

Service retirement is based on the standard formula:

$$\text{Years of Service} \times \text{Average Final Compensation} \times 1.6667\%$$

Professional retirement is offered to Tier Two members only with a modified formula:

$$\text{Years of Service} \times \text{Average Final Compensation} \times 1.85\%$$

Early retirement is a reduced service retirement benefit based on the number of months the member is short of the required number of years of creditable service or retirement age, for a full retirement benefits.

Examples of reduced benefits for early retirement:

- A tier one member who retires at age 50 with 23 years of service would have an early retirement benefit reduction of 17%.
- A tier one member who retires at age 50 with 10 years of service would realize a reduction of 59%.

Retirement Benefit Eligibility by Tiers

	Retirement Age		Creditable Service
Tier One			
Service retirement	60	and	5 full years, or
	Any age	and	25+ years
Early retirement	50	and	5 full years
Tier Two			
Service retirement	60	and	5 full years, or
	55	and	30+ years
Professional option	60	and	30+
Early retirement	55	and	5 full years

For information on the two Tier membership system refer to [page 18](#).

Retirement Procedure

Retirement is a process, not just a moment in time; planning should begin three to five years before you anticipate your actual retirement date. We discuss the entire process in *Countdown to Retirement* ([pages 44-46](#)); however, these are the TRS milestones you'll want to keep in mind as you plan:

1. Request a final estimate of benefits 6-9 months before your anticipated retirement date.
2. Consider whether you will include termination pay in the calculation of your monthly retirement benefits. ([page 36](#))
 - Submit a *Termination Pay – Irrevocable Election* form at least 90 calendar days before your termination date if you choose to have termination pay considered. ([page 37](#))
3. Decide on your final day of work, complete a *Retirement Application Packet*, and submit to TRS. ([page 44](#))
4. Terminate all employment in TRS-reportable positions. ([page 31](#))
5. Receive your first benefit payment. ([page 38](#))
6. You are now a retired member!

For your convenience, a Retirement Education tutorial is available on the TRS website. You can also call TRS to schedule a personal appointment for assistance with retirement planning.

NOTE: A delay in the payment of your benefit may occur if the proper documentation is not submitted at the time of application.

Retirement Benefit Allowance Elections

The amount of your monthly benefit will depend upon the benefit allowance elected at the time your Retirement Application is filed with TRS. Once a retirement benefit allowance is elected and you receive your first monthly benefit, that allowance is irrevocable, except in death or divorce.

It is important to carefully study your future financial commitments prior to retirement. TRS staff is available to assist in making the best decision. Each member must make the benefit allowance election.

Normal Form

The **Normal Form** allowance is the largest monthly benefit amount; it is payable only for the member's lifetime. Upon the member's death, if they have not received benefits equal to their member account balance at retirement, the remainder will be payable to the designated beneficiary. Under the Normal Form, members may name multiple beneficiaries and/or change beneficiaries at any time, except in the case of divorce ([page 17](#)).

Joint and Survivor Annuity Options

A retiring member may elect **Joint and Survivor** to provide an ongoing benefit for another person (the "joint annuitant") upon the member's death. The Joint and Survivor benefit is less than the Normal Form and is payable for the lifetimes of both the member and the joint annuitant. The member may designate only one joint annuitant. This designation cannot be changed except as described below.

Option A: Joint and Full to the Joint Annuitant

Upon the member's death, the joint annuitant, if living, will continue to receive the same benefit amount during the remainder of their lifetime.

Option B: Joint and One-Half to the Joint Annuitant

Upon the member's death, the joint annuitant, if living, will receive one-half (1/2) of the benefit amount during the remainder of their lifetime.

Option C: Joint and Two-Thirds to the Joint Annuitant

Upon the member's death, the joint annuitant, if living, will receive two-thirds (2/3) of the benefit amount during the remainder of their lifetime.

Reversion to Normal Form Benefit

Death: If the joint annuitant designated at the time of retirement precedes the retiree in death, the retirement benefit allowance payable to the retiree may revert to the full Normal Form amount plus any GABA increases the retiree received. The effective date of the change is the first of the month following the joint annuitant's date of

death; however, the benefit cannot commence until TRS has received a certified copy of the death certificate.

The retired member may, within the 18 months following the joint annuitant's date of death, file a written application to name a new joint annuitant and select a new Option A, B, or C.

Divorce: If the retiree divorces from the joint annuitant designated at the time of retirement, and the divorce decree expressly revokes any right or interest of the joint annuitant/ex-spouse to any portion of the retiree's retirement benefit, the retirement benefit payable to the retiree may revert to the full Normal Form amount.

The effective date of the change is the first of the month following the date of divorce; however, the benefit cannot commence until TRS has received a certified copy of the divorce decree expressly revoking any right or interest of the joint annuitant/ex-spouse to any portion of the retiree's benefit.

The retired member may, within the 18 months following divorce from the original joint annuitant and revocation of all right or interest of the joint annuitant/ex-spouse to the retiree's benefits, file a written application to name a new joint annuitant and select a new Option A, B, or C.

If the divorce decree does not expressly revoke all right or interest of the joint annuitant/ex-spouse, the optional benefit election and the designation of the joint annuitant remain irrevocable. For additional information about distribution of retirement benefits upon divorce, please refer to the section on Family Law Orders. ([page 9](#))

Period Certain & Life Allowance

This election pays for a guaranteed period (10 or 20 years) or for the retiree's lifetime, whichever is greater.

10-Year Certain & Life: If the member dies within the 10-year period from the effective retirement date, the benefit will continue to be paid to the designated beneficiary for the remainder of the 10-year period. To select the 10-Year Certain and Life allowance, the member must be age 75 or less.

20-Year Certain & Life: If the member dies within the 20-year period from the effective retirement date, the benefit will continue to be paid to the designated beneficiary for the remainder of the 20-year period. To select the 20-Year Certain and Life allowance, the member must be age 65 or less.

Under Period Certain & Life, members may name multiple beneficiaries and/or change beneficiaries at any time, except in the case of divorce ([page 16](#)).

Withdrawal of the Member Account Balance

In lieu of a monthly retirement benefit, a member who is no longer employed in a position eligible to participate in TRS may request a withdrawal of the member's contribution account balance: member's personal contributions plus interest earned on those contributions. Partial withdrawals are not permitted. Termination of a contract does not automatically qualify a member for a withdrawal. If the member leaves one school district for employment in another district or with the University System, they are not eligible for a withdrawal.

The *Application for Withdrawal of Member's Deposit of Contributions and Interest* form must be requested from TRS. A withdrawal request will not be processed until all contributions have been received from the member's employer. Employers are required to submit reports and member contributions to TRS by the 15th of the month following the month the wages were earned. After receipt of the member's properly completed application for withdrawal and the employer's report, the withdrawal will be processed with the next regularly scheduled refund cycle.

Payment of a withdrawal may be made in two ways:

1. as a direct rollover of the taxable amount to another eligible retirement plan IRA or a Roth IRA, with the balance paid to the member, *or*
2. the entire account paid directly to the member.

Caution! Requesting a withdrawal of your TRS contributions and interest, cancels all membership privileges, beneficiary designation, service credit, and rights to monthly retirement benefits and disability benefits.

Retirement Benefit Formula

Unlike a savings plan (such as a 401(k), 403(b) or an IRA) your retirement benefits are not based on the amount in your member account. Instead, a formula is used to calculate your monthly benefits:

$$\text{Years of Service} \times \text{Average Final Compensation} \times 1.6667\%$$

The outcome is divided by 12 and is the basis of your monthly benefit payment. The AFC for Tier One and Tier Two members is calculated differently:

- ◆ **Tier One** members use the highest **3** consecutive highest salaries
- ◆ **Tier Two** members use the highest **5** consecutive salaries

Following is an example based on 30 years of service and age 55:

	Tier One	Tier Two
Salary Used for Average Final Compensation		\$52,000
		\$53,560
	\$55,170	\$55,170
	\$56,825	\$56,825
	\$58,539	\$58,539
Total	\$170,534	\$276,094
Average	\$56,844	\$55,218
Monthly Benefit	\$2,368.50	\$2,300.75

Termination Pay

Termination pay is any lump sum payment received at the time of termination of employment and retirement, which generally includes:

- vacation pay,
- sick leave,
- severance pay, and/or
- amounts provided under an early retirement incentive plan or other payments contingent on a member terminating employment, and are being paid at the time of termination and retirement.

Members and their employer are required to pay additional contributions to TRS in order to fund the benefit increase they will receive by including termination pay in the calculation of their average final compensation.

Members have three choices regarding termination pay. The option selected will determine employee and employer contributions due.

Option 1

Add the total termination pay amount to the calculation of the member's *Average Final Compensation (AFC)*. Both the member and employer must pay the actuarially required contributions as determined by the TRS Board to adequately compensate the system for the additional retirement benefit they will receive. The contributions must be made at the time of termination and submitted to TRS by the 15th of the month following the month in which the member terminates employment.

Example: A tier one member at age 60 with 30 years of service receiving \$5,000.00 in termination pay could increase their benefit \$69.44 per month under Option 1.

	Termination Pay		Rate		Years of Service		Cost
Employee	\$5,000	x	3.36%	x	30	=	\$5,040
Employer	\$5,000	x	3.51%	x	30	=	\$5,265

Option 2

Divide the total termination pay by the member's total years of creditable service and add this amount to each year's salary used in calculation of the AFC. Both the member and employer must pay the regular contribution rate on the termination pay. The contributions must be made at the time of termination and submitted to TRS by the 15th of the month following the month in which the member terminates employment.

Example: A tier one member who has \$5,000.00 in termination pay and 30 years of creditable service could increase their monthly benefit by \$6.94 under Option 2. This calculation is determined by adding \$166.67 to each of the three salaries used in the calculation of the member's AFC ($\$5,000.00 \div 30.00 = \166.67).

	Termination Pay		Rate		Cost
Employee	\$5,000	x	8.15%	=	\$407.50
Employer	\$5,000	x	10.85%	=	\$542.50

Option 3

Exclude the termination pay from the calculation of the member's AFC. No contribution is required of either the retiree or the employer. TRS will return any contributions reported in error to the employer.

Termination Pay – Irrevocable Election

If a member makes an irrevocable election to include termination pay in the calculation of AFC under Option 1 or Option 2, employee contributions will be deducted from termination pay on a tax-deferred basis. Before a member would be eligible to have employee contributions due on termination pay paid with tax-deferred dollars, the member and the employer must sign the *Termination Pay – Irrevocable Election* form at least 90 calendar days prior to the member's date of termination (i.e., the last day the member performs services in a TRS reportable position). Please visit the TRS website for the form and instructions. Signing the *Termination Pay – Irrevocable Election* form is not a commitment of retirement on a specific date.

A member who has not executed the *Termination Pay – Irrevocable Election* must remit the employee contributions on termination pay with taxed dollars. The member must send TRS a personal check for the total amount due. Contributions are

due by the 15th of the month following the member’s date of termination. Please contract TRS regarding any limits that may apply to the amount of contributions that a member may make with after-tax dollars.

For your convenience, a tutorial is available on the TRS website on Termination Pay that provides basic information about the calculation of employee and employer contributions due on termination pay.

Monthly Benefit Payments

Monthly benefits are payable on the last day of each month. If the last day of the month falls on Saturday or Sunday, the monthly benefit will be mailed or electronically deposited on Friday.

Guaranteed Annual Benefit Adjustment (GABA)

A benefit recipient who has been receiving monthly benefit payments for at least 36 months prior to January 1 of each year will receive a GABA with payment of the January benefit.

As of July 2013, the GABA for all eligible benefit recipients is set in the autumn of each year by the TRS Board. The GABA is based on both the annual actuarial valuations and the current funding status of the retirement system.

Minimum GABA	0.5%
Maximum GABA	1.5%

If you are eligible for a GABA increase with your monthly benefit payment, you will receive written notification from TRS of the amount.

Sample Estimate of Service Retirement Benefits

Tier One Member*

Name: Jordan Montana

Retirement Date: July 1, 2015

SSN: 123-45-6789

Retirement Type: Regular

The Following Factors Are Used To Calculate This Monthly Benefit:

Member's Date Of Birth: 02/06/1955

Beneficiary's Date Of Birth: 06/13/1949

Creditable Service Years: 30.00

Highest 3 Years Salary:	Termination Pay: \$5,000.00		
Fiscal Year 2007-08	\$38,000.00		
Fiscal Year 2008-09	\$39,000.00		
Fiscal Year 2009-10	\$40,000.00		
	Option 1	Option 2	Option 3
Average Final Compensation	\$40,666.67	\$39,166.67	\$39,000.00

Estimated Retirement Benefits Allowances And Options:

		Termination Pay Options		
Retirement Income Options		Option 1	Option 2	Option 3
Normal	Payable for Member Only	\$1,694.44	\$1,631.94	\$1,625.00
	A: Joint & Full to Beneficiary	\$1,546.68	\$1,489.63	\$1,483.30
	B: Joint & 1/2 to Beneficiary	\$1,617.17	\$1,557.52	\$1,550.90
	C: Joint & 2/3 to Beneficiary	\$1,592.94	\$1,534.19	\$1,527.66
Period Certain & Life				
	10 Year Term	\$1,675.63	\$1,613.83	\$1,606.96
	20 Year Term	\$1,604.13	\$1,544.96	\$1,538.39

Termination Pay Cost Calculation

Employee Cost of this Option	\$ 5,040.00	\$ 357.50	N/A
Employer Cost of this Option	\$ 5,265.00	\$ 492.50	N/A
Increase Over Normal Benefit	\$ 69.44	\$ 6.94	N/A

*Tier Two members will not be eligible for retirement benefits before July 1, 2018. Examples of Tier Two benefits will be available in the 2015 member handbook.

Disability Retirement

Eligibility For Disability Retirement Benefits

If an active and contributing member becomes physically or mentally incapacitated, the disability is likely to be permanent, and the member cannot continue to perform the primary duties of their position covered under TRS, they may be eligible for a disability benefit, provided:

- The member is vested in TRS;
- The TRS Board has approved the member's application for a disability benefit.

The effective date of the member's disability benefit will be the first of the month following the date the member terminated employment.

The minimum disability benefit will be the greater of

- one-fourth (1/4) of a member's AFC; *or*
- the benefit earned to date based on the following formula:

$$\text{Years of Service} \times \text{Average Final Compensation} \times 1.6667\%$$

The result is an Annual Benefit, paid over 12 equal payments.

Procedure To Apply For A Disability Retirement

Either the member, or the employer acting on the member's behalf, must contact TRS to request the *Disability Retirement Application Packet*. The packet should be completed and sent to TRS at least 60 days prior to the date of termination.

The application packet will include an employer's report to the TRS Board. This report allows the employer to submit a written statement of the difficulties observed in the performance of assigned job duties and to describe any accommodation(s) made by the employer.

In addition, an applicant's physician statement must be completed and returned, along with any physician's notes that would assist the TRS Board or its representative in its assessment of the disability.

The TRS Board meets in Helena once each quarter, generally in February, May, September, and December. All application materials should be submitted to TRS upon completion, but at least 30 days prior to the next scheduled Board meeting. Board meeting dates are posted on the TRS website. The member will be contacted by TRS staff and advised of the outcome and, if the TRS Board decision is adverse, with information about the appeals process.

Medical Examination

A disability retiree is required to submit a current Physician's *Certification of Continued Disability*

- once each year during the first five years following disability retirement **and**
- once in every three-year period thereafter, until the member attains the age of 60.

Earnings After Disability Retirement

A disabled retiree may return to employment, including self-employment, provided the combined disability benefit and earnings do not exceed the greater of their AFC or the median salary of those members retired during the preceding fiscal year. Should the earnings and disability benefit exceed the maximum allowable under the law, the disability benefit will be reduced so that the combination of earnings and the disability benefit do not exceed the maximum they are eligible to earn.

The disability retiree is also required to submit an earnings statement annually until age 60 or longer as long as they continue to remain gainfully employed.

Cancellation Of A Disability Benefit

The TRS Board may cancel a disability retirement for several reasons.

1. The board determines that a disabled retiree is no longer incapacitated from the performance of the essential elements of the position they held when they retired.
2. A disabled retiree fails to submit a current physician's certification of continued disability statement, as requested by the TRS Board.
3. A disabled retiree fails to submit an annual gross earnings statement as required by the TRS Board.
4. A disabled retiree is employed (public or private employment) full-time in a capacity that would otherwise meet the eligibility requirements of active membership in TRS, the retiree's retirement allowance must cease. A retiree employed full-time in a position covered under TRS shall again become an active member of TRS.

Return to Active Membership & Subsequent Retirement

If a disabled retiree is restored to active membership on or after the attainment of age 55, the member's subsequent retirement allowance may not exceed the retirement allowance the member would have received had the member remained in service during the period of the member's disability retirement.

The retirement allowance upon subsequent retirement may not exceed the sum of:

- the retirement allowance the member was receiving immediately prior to the member's last restoration to service ***and***
- the retirement allowance that the member would have received on account of the member's service since the member's last restoration had the member entered service at that time as a new member.

Note: A retiree whose disability retirement benefit is canceled because the TRS Board has determined that they are no longer incapacitated, must be given preference by the former employer for the position held at the time of retirement or for a comparable position that becomes available within one year of cancellation of the retiree's disability retirement.

Survivor Benefits

Survivor Benefit

If a member dies before retiring, the designated beneficiary may elect to receive:

- a lump sum withdrawal of the member's personal contribution account, *or*
- *if the deceased member was vested in TRS at the time of their death*, a monthly survivor benefit in lieu of the lump sum withdrawal.

The effective date of a monthly survivor benefit will be the first of the month following the member's date of death. This benefit will be payable during the beneficiary's lifetime and cease only upon the beneficiary's death.

The designated beneficiary is also entitled to receive a one-time \$500.00 death benefit in addition to any other benefit payable, if the deceased member

1. is a vested member of TRS, *and*
2. was employed within one year prior to death.

Minor Child Benefit

In addition to the benefits outlined above, any minor children are entitled to receive a minor child benefit of \$200.00 per month in the case of

- the death of a vested member who was an active member within one year of the date of death, *or*
- the death of a retired member.

A minor child benefit will be paid through the month in which the minor child attains age 18.

Upon the member's death, notify TRS as soon as possible and we will send the proper forms for applying for the survivor benefit to the designated beneficiary.

Death Benefit

The designated beneficiary of a retired member is entitled to receive a one-time \$500.00 death benefit. This benefit is in addition to any retirement benefit allowance payable to the designated beneficiary. If TRS does not have a valid beneficiary form on file at the time of the member's death, this death benefit will be paid to the member's estate.

Retirement Education

Retirement planning requires an understanding of the retirement system and plan options. Take time to become informed regarding all of the choices to be made before formally applying for your monthly retirement benefit.

Estimate of Benefits

- Full time members: use the online benefit estimator when you sign on to your account on the TRS website. The benefit estimator will enable you to begin retirement planning prior to your anticipated retirement date in the privacy of your home or office.
- Any member may contact TRS to request an *Estimate of Benefits*. Part-time and hourly members must write or call for this information.
 - ◆ Write: access the TRS website to print the *Request for An Estimate of Benefits* form. Mail the properly completed form to TRS and we will send an *Estimate of Benefits* to the member's home mailing address.
 - ◆ Phone: TRS staff will request specific information in order to provide the most accurate estimate possible.

Each of these methods for retirement planning will provide valuable information relative to your retirement decisions. At the time of the decision to terminate employment and apply for a monthly retirement benefit, a member must contact the TRS office to request a *Retirement Application Packet*.

For your convenience, a tutorial is available on the TRS website on how to use the benefit estimator. The tutorial provides basic information about the calculation of a retirement benefit as well as the use of the Online Benefit Calculator.

Countdown to Retirement

TRS encourages you to take ownership of your retirement account. For your convenience, tutorials are available on the TRS website. The tutorials are intended for educational purposes only, providing basic information about retirement accounts and retirement planning. They should not be used for accurate, detailed calculations of any specific member's account or retirement benefit.

TRS also encourages you to begin planning for retirement three to five years prior to your anticipated termination and retirement date. In the fall of each year, you will receive an ***Annual Statement of Account*** providing the contributions, accumulated interest and total amount in your account as well as your accumulated creditable service for the fiscal year ending June 30. Upon receipt of the statement of account, we encourage you to review and compare the creditable service to your work history. If the service credit presented on the statement of account does not agree with the work history, contact TRS to request a review of the account.

Purchase of Service

If you are eligible and planning to purchase service ([page 23](#)), you should contact the TRS office as early in your career as possible. The purchase of service must be

completed before TRS processes your application for retirement. Please allow adequate time to plan for retirement, including time to consider the payment options for purchasing service. Service may not be purchased after retirement. The following are some things to think about as the countdown to retirement begins.

Retirement Timeline

The following timeline will assist you with the steps you will take during your retirement process. If you need further assistance, please contact TRS to schedule an appointment with a Benefit Officer.

24 Months to Retirement

- Contact your employer for an estimated dollar amount of termination pay to be used on the *On-Line Benefit Estimator*.
- Use the *On-line Benefit Estimator* on the TRS website to estimate a retirement pension and explore the various allowances. You can also request an estimate from TRS.
- Become familiar with the use of termination pay in the calculation of a monthly retirement benefit.
- Become familiar with the resources provided on the TRS website.
- Begin studying the benefit allowances available.
- Review the collective bargaining master agreement, if applicable, for clarification of your employer's expectation for notification of the intention to terminate employment.

12 Months to Retirement

- Contact your employer for an updated estimate of anticipated termination pay to be used on the *On-Line Benefit Estimator* to estimate your retirement pension and explore the various allowances. You can also request an estimate from TRS.
- Become familiar with the use of termination pay in the calculation of a monthly retirement benefit, and the associated costs.
- Contact TRS about the tax-deferred option available on termination pay. Request a ***Termination Pay – Irrevocable Election Form***.
- Watch for updates on the TRS website.
- Become familiar with any health insurance programs offered through your employer; TRS does not offer a health insurance program for retirees.

6 Months to Retirement

- Request a ***Retirement Application Packet*** from TRS.
- Carefully review the benefit allowances and decide which one best meets your needs.
- Submit the completed ***Retirement Application Packet*** to TRS, including any supporting documents requested by TRS.
- Submit the ***Pre-Arranged Re-Employment Certification*** form to your employer.
- Submit the ***Retirement Termination Pay*** form to your employer.

- A pre-arranged agreement to return to work with the same employer (in *any* position) may affect eligibility for a retirement benefit and/or taxation of your pension.
- Understand the impact postretirement earnings could have on your monthly retirement benefit if you plan to work after retirement.

3 Months to Retirement

- Submit the retirement application packet and any other forms to TRS and include any supporting documents requested by TRS. There is still time!
- Verify all service credit purchases are complete before terminating employment.
- Review the health insurance plans offered by your employer. Sign and submit the ***Authorization for Deduction of Health Insurance*** form provided in the ***Retirement Application Packet*** to your employer if you choose to authorize a deduction of employer-sponsored health insurance premiums from your monthly benefit.

Retired At Last!

- TRS will confirm, in writing, your gross monthly benefit amount.
- TRS will provide a Benefit Recipient's Retirement Plan Handbook.
- Your monthly benefit is payable the last day of each month.
- TRS will perform a final audit of your account after the employer reports all contributions. This audit is usually complete within 90 days of your effective retirement date.
- If the final audit results in a need to adjust your benefit amount, TRS will adjust the monthly benefit retroactive to your effective retirement date and confirm, in writing, your actual gross monthly benefit amount.
- As of January 1 of each year, all benefit recipients who have been receiving a benefit for at least 36 months will receive a Guaranteed Annual Benefit Adjustment (GABA) with payment of the January benefit each year.

Retired Member Status

TRS members are considered retired once they have:

1. terminated ([page 31](#)) all employment in all positions reportable to TRS, ***and***
2. received at least one monthly benefit payment

Employment And Earnings After Retirement

While TRS encourages our members to retire only when they are truly prepared to stop working entirely, we are aware that this is not always possible. Once you attain retired member status, these are a few things to consider:

150 Calendar Day Break in Service

TRS members must attain *Retired Member* status – i.e., must have received at least one monthly benefit payment – to be eligible to return to work in a TRS-reportable position. Members must also have a 150 calendar day break in service following the date of termination before they may return to work.

Postretirement Employment Limitations

As a retired member, you may earn – without loss of monthly retirement benefits – an amount not to exceed the greater of: (a) one-third of your *Average Final Compensation (AFC)*, plus annual increases equal to the increase in the Consumer Price Index; or (b) one-third of the median AFC for all members who retired during the preceding fiscal year (as determined by the TRS Board). These earnings are determined on a fiscal year basis, July 1 through June 30. If you are employed in a TRS reportable position following your retirement, you must contract TRS for any earnings limitations

Positions reportable to TRS for *working retirees* include work performed as an employee of a third party (through a professional employer arrangement, employee-leasing arrangement, or with a temporary service contractor) or as an independent contractor. Retirees employed in such positions are reportable to TRS regardless of the full-time equivalency of the position, or the job title ascribed to the position.

Independent Contractors

As a general rule, independent contractors are ineligible for membership in TRS. However, any amounts paid to a *retired TRS member* working as an independent contractor in a TRS-reportable position must be reported to TRS and will be considered part of the retired member's earnings limitation.

Accrual of Second Benefit Following Reinstatement to Active Membership

If following retirement you are reinstated as an active member of TRS, upon termination of employment in all TRS-reportable positions, you will resume receiving your suspended benefit in accordance with the retirement benefit allowance and joint annuitant you previously selected. In addition, if you have been reinstated as an active member of TRS for at least three years of full-time service, you will receive an additional benefit amount based upon the new creditable service and compensation earned during the period of reinstatement. The additional benefit amount will also be paid in accordance with the retirement benefit allowance and joint annuitant you previously selected.

If you are reemployed as an active member for less than three years of full-time service, you do not qualify for the additional amount. Instead, you will receive a refund of your employee contributions made following reinstatement, plus interest.

Frequently Asked Questions

Active Membership

Q: Are members required to designate a beneficiary for their account?

A: Yes ([page 16](#)).

Q: Should a beneficiary notify TRS of the death of an active member?

A: Yes ([page 17](#)).

Q: If a member is working on a part-time basis before retirement, how is average final compensation calculated?

A: Part-time service credit is calculated based on the total number of hours, days, or months reported to TRS, divided by the number of hours, days, or months of equivalent full-time service. Seven hours per day is considered a full-time day. (pages [19](#), [23](#), [44](#)).

Q: If a member is not vested and has terminated their employment in a TRS covered position or has not contributed to their TRS account for several years, what happens to their retirement account?

A: Contact TRS to request information relative to the options available on your account. Refer to *Inactive Non-Vested Member's Account* ([page 21](#)); *Vesting* ([page 23](#)); and *Withdrawal of the Account Balance* ([page 35](#)).

Q: What is the maximum amount of service with which a member can receive credit?

A: There is no maximum number of years of service that can be credited to a member's account. A member cannot earn more than one year of creditable service in one year ([page 23](#)).

Q: When a member terminates employment in a TRS covered position, what are the options on their retirement account?

A: Vested members ([page 23](#)) are eligible for a monthly retirement benefit ([page 31](#)) or lump sum withdrawal of their contributions, plus interest ([page 35](#)).

Q: What advantage is there in taking immediate steps to obtain credit for all service to which a member may be entitled?

A: Retirement benefits are calculated based upon the member's average final compensation and the total service credited to their account. As service increases, the benefit will increase proportionally ([page 23](#)).

Q: Can additional contributions paid to the retirement system for the purchase of service be tax deferred like the mandatory contributions?

A: Yes, if an employer has adopted a resolution allowing the pick-up of tax deferred additional contributions ([page 24](#)) and a member has signed an irrevocable election form ([page 37](#)). In addition, a member may purchase service credit through a rollover ([page 25](#)).

Q: Can a member receive credit for active military service?

A: Yes, vested members can receive free service credit of up to four years for active military duty during the Korean and Vietnam Conflicts and can purchase service credit for other active military service ([page 27](#)).

Q: When should a TRS member begin retirement planning?

A: Notify TRS three to five years before your anticipated retirement to request an estimate of benefits. Countdown To Retirement outlines the process for you ([page 44](#)).

Q: Is a monthly retirement benefit payment automatic when a member becomes eligible?

A: No. You must contact TRS to request a *Retirement Application Packet*.

Q: Does TRS pay a death benefit upon the death of an active member?

A: Yes ([page 43](#)).

Family Law

Q: If a TRS member gets divorced, will an ex-spouse have a right to any part of the member's retirement benefit from TRS?

A: A court with jurisdiction of a divorce action may issue an order that grants an ex-spouse a right to some portion of a member's TRS retirement benefit. The court must issue a Family Law Order (FLO), in compliance with the statutes and administrative rules pertaining to a FLO for TRS purposes ([page 9](#)). If you have additional questions, contact TRS.

Q: Can a TRS member's benefit be reduced through garnishment or other legal process?

A: A member's TRS benefit may be subject to garnishment pursuant to a federal or state tax lien or pursuant to a child support order. A portion of a member's TRS benefit may also be ordered to be made payable to a former spouse, pursuant to a

FLO. ([page 9](#)). A member's TRS benefit is not otherwise generally subject to garnishment or legal process.

TRS Website

Q: What if I forget my User ID?

A: TRS does not keep record of a member's User ID. To recover your user ID, refer to [page 15](#) of this handbook for instructions.

Q: What if I forget my password?

A: TRS does not keep record of a member's password. To reset a password, refer to [page 15](#) of this handbook for instructions.

Q: How do I open the forms available on the TRS website?

A: You must have Adobe Reader – free, downloadable software – on your computer to open forms. The TRS website provides a link for installing Adobe Reader.

Withdrawal Of Account

Q: How do I request a withdrawal of my account?

A: Contact the TRS office to request a withdrawal form ([page 35](#)).

Q: Can members borrow funds from their TRS account?

A: No, the retirement law has no provision for personal loans.

Q: Is any part of a member's withdrawal subject to federal income tax?

A: Yes.

Q: If I withdraw my account as a Tier One member and subsequently return to active TRS membership, will I be a Tier One or Tier Two member?

A: Once you terminate all TRS employment, withdraw and close your member account, you will lose your status as a Tier One member. If you return to active member status, you will be considered a new TRS Tier Two member – even if you repurchase your original service.

Additional Resource Information

Montana Office Of Public Instruction

Teaching Certification

(406) 444-3150

Montana Teacher Placement website:

www.metnet.mt.gov

Social Security Information

Most public school teachers in Montana have Social Security coverage. A benefit provided by TRS is independent of, and in addition to, any Social Security benefit a member may be entitled to receive.

Social Security Administration provides a concise, easy-to-read personal record of the earnings on which you have paid Social Security taxes during working years and a summary of the estimated benefits you and your family may receive as a result of those earnings. To receive a statement, request Form SSA-7004 from the local Social Security office or by calling (800) 772-1213. Benefit information is also available on their website at <http://www.ssa.gov>.

Because the Social Security figures are only estimates based on a 'best guess' of future earnings, review the reported earnings and other important information such as your name and date of birth are correct on your record. Periodic review of the earnings reported will insure the accuracy of Social Security records.

Medicare Information

For general Medicare information, ordering Medicare booklets, and information about health plans, contact (800) MEDICARE / (800) 633-4227 24 hours a day, 7 days a week for assistance. Benefit information is also available on their website at <http://www.medicare.gov>.

Telephone number:

(800) 486-2620

8:00 a.m. to 8:00 p.m., Monday – Friday

Glossary

For the purpose of this handbook, the following definitions apply:

Accumulated Contributions: the sum of a member's contributions on deposit with the retirement system together with interest.

Administrative Officer: an employee who has a significant degree of executive or policy-making authority and whose appointments are based on required training or experience in the field of education.

Average Final Compensation: a member's highest average earned compensation in on which contributions have been made. Tier One members AFC is calculated based on three consecutive fiscal years. Tier Two members AFC is calculated based on five consecutive fiscal years. (§19-20-805, MCA)

Beneficiary: one or more persons formally designated by a member or retiree to receive a retirement benefit allowance or payment upon the member's or retiree's death, except for a joint annuitant.

Benefit Recipient: a retired member, joint annuitant, or a beneficiary who is receiving a retirement allowance from TRS.

Board or Retirement Board: the Teachers' Retirement Board. (§2-15-1010, MCA).

Break In Service: members who retire based on a termination date on or after January 1, 2014 must have a 150 day calendar break in service before returning to work in a TRS reportable position.

Creditable Service: each year of service for which contributions to TRS were deducted from a member's compensation and remain on deposit with TRS. Any out-of-state employment service; service while on leave; service in the military; private teaching service; service for Montana extension service employment; service transferred from the PERS; or any service due to employment-related injury, and for which payment has been finalized will also be considered creditable service.

Earned Compensation: compensation paid for the service of a member out of funds controlled by an employer, before any pre-tax deductions allowed under the IRC. Elective deferrals made under a bona fide cafeteria plan are considered earned compensation but only to the extent the amounts would be includible in gross income. (IRC Section 125(a)).

Effective Retirement Date: the first of the month following termination for retirement.

Fiscal Year: July 1 through June 30.

Full-time Service: service of (a) at least 180 days in a fiscal year, (b) at least 140 hours a month during at least nine months in a fiscal year, or (c) at least 1080 hours in a fiscal year under an alternative school calendar adopted by a school board and reported to the Office of Public Instruction. (§20-1-302, MCA). The standard for full-time service for a school district operating under an alternative school calendar must be applied uniformly to all employees of the school district required to be reported to the retirement system.

Joint Annuitant: the *one* person designated to receive a retirement allowance upon the death of the retired member in the case of a retired member who has elected an optional allowance. (§19-20-702, MCA).

Membership Service: service performed by an active member in a position reportable to the retirement system and for which creditable service is awarded to the member. This does not include creditable service awarded or purchased for periods of time not actually worked by the member.

Normal Form or Normal Form Benefit: a monthly retirement allowance payable only during the lifetime of a retired member.

Normal Retirement Age: an age no earlier than 60 years of age.

Paraprofessional: a person who provides instructional support as a one-on-one tutor assisting in classroom management. Examples: organizing instructional materials, providing instructional assistance in a computer laboratory, conducting parental involvement activities, acting as a translator, or providing instructional support services under the direct supervision of a certified teacher.

Part-time Service: service that is not full-time (seven hours/day). Part-time service credit is calculated based on the proportion that the actual time worked compares to full time service.

Part-time Teacher's Aide: an individual who works less than seven hours per day assisting a certified teacher in a classroom.

Pre-arranged Agreement: an oral or written agreement for the member to provide service or perform work at any time in the future made between the member and the employer before the member attains retired member status. This includes employment in any capacity including: an employee of the employer, employee of a third party, an independent contractor, a volunteer, and a position reportable to PERS.

Retired, Retired Member or Retiree: a person who has (a) terminated all employment that qualifies the person for membership under TRS and (b) has received at least one monthly retirement benefit.

Service: the performance of duties that would entitle the person to active membership in the retirement system. (§19-20-302, MCA).

Service Credits: the number of years credited to a member's account for which contributions have been received as required by statute or rule.

Termination or Terminate: the member has (a) fully and completely severed the employment relationship with each employer and (b) received all, if any, payments due upon termination of employment, including but not limited to early retirement incentives, accrued sick and annual leave balances.

Termination Date: the last date on which you performed service in a position reportable to TRS, including positions in which the member was contracted to perform services in a position to TRS. Service includes, but is not limited to, any pupil instruction related days, teacher preparation days, and days spent preparing materials for and/or training your replacement. The termination date is certified by both member and employer.

Termination Pay: any form of bona fide vacation and/or sick leave, severance pay, amounts provided under a window or early retirement incentive plan, or other payments paid at the time of retirement and termination of employment.

Tier One Member: a person who (a) became a member before July 1, 2013 and (b) has not withdrawn the members account balance.

Tier Two Member: a person (a) who becomes a member on or after July 1, 2013 or (b) who, after withdrawing their member account balance, became a member *again* on or after July 1, 2013.

Vested: status of a member credited with at least five full-time years of membership service upon which contributions have been made. This status gives the member a right to a future retirement benefit.

Directions To The TRS Office



The TRS building is located in Helena at 1500 East Sixth Avenue, in the Montana Capitol Complex. The TRS building is a brown brick building on the northeast corner of Sixth Avenue and Sanders Street. ([Google map link](#)).

Driving into Helena on I-15 North:

1. Turn right at I-15 Business/Prospect Avenue/US 12
2. Turn left at Montana Avenue
3. Turn left at Sixth Avenue

Proceed two blocks to the corner of Sixth Avenue and Sanders Street

Driving into Helena on I-15 South:

1. Turn left at I-15 Business/Prospect Avenue/US 12
2. Turn left at Montana Avenue
3. Turn left at Sixth Avenue

Proceed two blocks to the corner of Sixth Avenue and Sanders Street

Driving into Helena on Hwy 12 East:

1. Hwy 12 East will become Prospect Avenue
2. Turn left at Montana Avenue
3. Turn left at Sixth Avenue

Proceed two blocks to the corner of Sixth Avenue and Sanders Street

Driving into Helena on Hwy 12 West:

1. Hwy 12 will merge into Montana Avenue
2. Turn left at Sixth Avenue
3. Proceed two blocks to the corner of Sixth Avenue and Sanders Street

Map Of The Capitol Complex

